



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

JUL 21 2003

OFFICE OF
AIR AND RADIATION

Mr. Vincent J. Brisini
Alternate Authorized Account Representative
Reliant Energy
1001 Broad Street
P.O. Box 1050
Johnstown, PA 15907-1050

Re: Petition to Retain Low Mass Emissions Unit Status for 11 Units at the Narrows
Generating Station (Facility ID (ORISPL) 002499)

Dear Mr. Brisini:

This is in response to your April 28, 2003 petition under § 75.66(a) in which Reliant Energy (Reliant) requested permission to retain low mass emissions (LME) unit status under § 75.19, for eleven units at the Narrows Generating Station. During the 2002 ozone season, each of the units in question exceeded the 50-ton nitrogen oxides (NO_x) emission limit in § 75.19 (a)(1)(i)(A)(3), resulting in disqualification from using the LME methodology. EPA approves the petition, with conditions, as discussed below.

Background

The Reliant Energy Narrows Facility (the Narrows), located in New York City, New York consists of 16 barge-mounted General Electric Frame 5N simple cycle combustion turbines that combust pipeline natural gas and No. 2 fuel oil. The units are subject to the NO_x Budget Trading Program under 6 NYCRR § 204. Six NYCRR § 204 requires Reliant to monitor and report NO_x mass emissions and heat input for the units in accordance with Subpart H of 40 CFR Part 75, starting in the 2002 ozone season.

Under Part 75, there are three possible compliance options for NO_x monitoring. The owner or operator may either: (1) install continuous emission monitoring systems (CEMS); or (2) use the methodology in Appendix E (oil- and gas-fired peaking units, only); or (3) use the low mass emissions (LME) methodology in § 75.19 (qualifying oil- and gas-fired units, only). In 2002, Reliant determined that the Narrows units qualified for LME status, based on the NO_x mass emissions in the 2002 ozone season. In the years 1999 through 2001, the Narrows units

were regulated under the New York State Department of Environmental Conservation (NYSDEC) NO_x Budget Program (6 NYCRR §227-3). Under that program, the Narrows monitored and reported ozone season NO_x mass emissions and unit heat input, using a monitoring methodology similar (but not identical) to the LME method.

In the 2002 ozone season, eleven of the sixteen units at the Narrows failed to meet the 50 ton NO_x ozone season limit in § 75.19 (a)(1)(i)(A)(3). As a result, these eleven units are disqualified from using the LME methodology and, in accordance with § 75.19 (b)(2)(ii), Reliant is required to install, certify, and report NO_x emissions data and heat input data from monitoring systems that meet the requirements of §§ 75.11, 75.12 and 75.13, no later than December 31, 2003.

Reliant believes that neither of the two remaining NO_x monitoring options under Part 75 is feasible for the eleven units that exceeded the low mass emissions NO_x threshold. Appendix E methodology cannot be used, because in 2002, the capacity factor for each unit also exceeded the qualifying threshold for peaking unit status under § 72.2. This leaves CEMS installation as the only remaining compliance option. However, according to Reliant, since the units are barge-mounted, there is insufficient space available to properly install CEMS, making continuous monitoring of NO_x extremely difficult.

Reliant reviewed the historical operating records for the Narrows units, comparing the 2002 ozone season records against those from past years, to determine why the units were dispatched more in 2002 than in previous ozone seasons. Reliant found that there was an internal dispatching error as a result of a merger between Reliant and Orion Power Holdings in February, 2002. Following the merger, these units were mistakenly classified as, and scheduled to operate as, base loaded units instead of peaking units. The 2002 ozone season was the first one in which Reliant Energy had assumed responsibility for the dispatching of these units, and the units were run as-scheduled (i.e., as base load units). This led to exceedances of the 50-ton LME NO_x threshold for eleven of the sixteen units. Reliant subsequently corrected the classification error for the Narrows units and believes that from henceforth these units will be operated in the same manner as they were operated prior to 2002.

In the April 28, 2003 petition, Reliant requested permission from EPA to pursue a permit modification that will establish a Federally-enforceable permit limit of 50 tons of NO_x per ozone season for each of the sixteen units at the Narrows facility, in order to retain LME status for the eleven units that exceeded the 50-ton limit in 2002. This request mirrors the provisions of § 75.19(a)(3), which conditionally allows the LME methodology to be used for a unit that does not qualify for LME status based on its previous three years (or ozone seasons) of operation, if the owner or operator takes a Federally-enforceable permit restriction on the number of future annual (or ozone season) unit operating hours, such that the unit will emit less than the number of tons of NO_x specified in § 75.19(a)(1)(i)(A).

As a condition of approval, Reliant proposed to ensure that until the new permit limits are in place and become enforceable, that no unit at the Narrows facility will emit more than 50 tons of NO_x during any ozone season (i.e., in the period from May 1 through September 30). Reliant further proposed that if any unit at the Narrows facility exceeds the 50 ton NO_x limit prior to the permit modifications being granted or at any time after the permit limit is in place, the unit will be disqualified from using the LME methodology and Reliant would begin the engineering work necessary to install NO_x CEMS and Appendix D fuel metering on the unit. Reliant also affirmed that by accepting a Federally enforceable permit limit, any exceedance of that limit would also subject the facility to enforcement action by the NYSDEC and or EPA.

Reliant proposed to complete the permit modification application by June 1, 2003, with the understanding that the permit modifications might not be issued prior to December 31, 2003 (the deadline for installing Part 75-compliant monitoring systems on the eleven disqualified units) or even by May 1, 2004 (the start of the 2004 ozone season).

EPA's Determination

EPA approves Reliant's request for the eleven units at the Narrows Generating Station to retain eligibility for monitoring as low mass emission units under §75.19. EPA's approval is conditioned on Reliant obtaining a Federally enforceable permit limit of 50 tons NO_x per unit per ozone season for each of the sixteen units at the Narrows facility. If the application for the permit modification is denied, then, for the eleven units that exceeded the 50-ton NO_x emission limit in the 2002 ozone season, Reliant must, as a condition of approval, install and certify monitoring systems that meet the requirements of Part 75 within 6 months (180 days) of the date on which the application is denied by NYSDEC.

Should the permit modification not be issued by the NYSDEC prior to December 31, 2003, Reliant may obtain an enforceable consent order, for the 2004 ozone season, limiting each unit to 50 tons NO_x during the 2004 ozone season. If neither a Federally-enforceable permit limit nor an enforceable consent order is in place prior to May 1, 2004, the eleven units will be immediately disqualified from the LME methodology and Reliant shall report the maximum potential NO_x emission rate and maximum potential hourly heat input for each hour of operation of the eleven units until an appropriate monitoring methodology has been installed and certified.

For the remaining five units that did not exceed the 50-ton LME NO_x threshold in 2002, the provisions of § 75.19(b) pertaining to on-going LME qualification shall apply in the 2003 ozone season and in subsequent ozone seasons.

EPA's determination relies on the accuracy and completeness of Reliant's April 28, 2003 petition, and is appealable under Part 78. If you have any questions regarding this correspondence, please contact Matthew Boze at (202) 564-1975.

Sincerely,



Samuel Napolitano, Acting Director
Clean Air Markets Division

cc: Ann Zownir, USEPA Region 2
Don Spencer, NYDEC
Eric Roland, Reliant Energy